

# JONES DAY

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March 21, 2016

## VIA E-MAIL TOBRIEN@FEC.GOV

Mr. Terry O'Brien  
Auditor  
Audit Division  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Re: Oklahoma Leadership Council Interim Audit Report Response

Dear Mr. O'Brien:

On behalf of our client, the Oklahoma Leadership Council ("OLC" or the "Committee"), this responds to the Interim Audit Report ("IAR") that was delivered to our client January 28, 2016. As discussed below, the Committee has fully complied with the Audit Division's recommendations as set forth in the IAR and as modified in Mr. O'Brien's February 19, 2016 email.

### Introduction

As stated in the Exit Conference response, OLC, like many other state party committees, operates on a shoestring budget and relies on a few paid staff and volunteers to manage its daily operations and political duties as well as the burdensome and often confusing recordkeeping and reporting requirements of both state and federal regulators. Beginning near the end of the audit period and prior to the commencement of the instant audit, OLC made changes to its compliance infrastructure and protocols in an effort to satisfy its internal standards. First, OLC hired the FEC bookkeeping and reporting firm Red Curve Solutions to assist with reports and compliance matters. Second, upon the Commission's issuance of a memorandum regarding state party committee recordkeeping guidelines in 2013, the Committee implemented the FEC's guidelines. Finally, during this audit, OLC voluntarily raised with the Auditors an issue concerning the Committee's cash-on-hand totals in an effort to be as transparent as possible during the audit and to seek assistance in resolving the issue.

The Committee remains committed to cooperating with the Audit Division, while also preserving all of its rights and defenses. Accordingly, it is our expectation that the Audit Division, Office of

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the General Counsel, and the Commission itself will review the IAR and the Committee's response in a fair and objective manner.

**OLC's Responses to the IAR Findings and Recommendations**

**Findings 1 & 2: Misstatement of Financial Activities & Misstatement of Financial Activities (Levin Funds)**

In the IAR Finding 1, the Audit Division states that OLC understated its 2011 receipts and disbursements and overstated its ending cash-on-hand. In IAR Finding 2, the Audit Division states that OLC understated its disbursements and overstated its ending cash-on-hand regarding Levin Funds in 2011. For 2012, the IAR states that the OLC understated its receipts. As a result of these findings and after consulting with the Audit Division, OLC was instructed that it may correct the public record in these matters by filing a Form 99 with the Committee's next due monthly report rather than filing amended 2011 and 2012 reports. In addition, the Audit Division requested OLC make a one-time audit adjustment and file an amended 2012 Year-End report. A copy of the Form 99 that was filed with the Committee's March 20 monthly report is attached as Exhibit A, and the amended 2012 Year-End Report making the one-time audit adjustment is attached as Exhibit B.

**Finding 3: Recordkeeping for Employees**

As stated in our response to the Exit Conference, after the 2012 election cycle and prior to the commencement of this audit, the Committee implemented timekeeping protocols in response to the FEC's December 2013 memorandum concerning timekeeping requirements for state parties. The Committee's Chairman verbally instructed the Committee's employees to comply with the guidelines set forth in the FEC's memorandum. The Committee recently memorialized this policy and a copy of OLC's recordkeeping policy for its employees is attached to this response as Exhibit C.

**Finding 4: Contributions from Unregistered Political Organizations**

On March 1, 2016, OLC transferred \$1,000 from its federal account to the state account in accordance with the Audit Division's recommendation for Finding 4, as modified by Mr. O'Brien's February 19, 2016 email. The transfer will be disclosed in the Committee's April 20 monthly report.

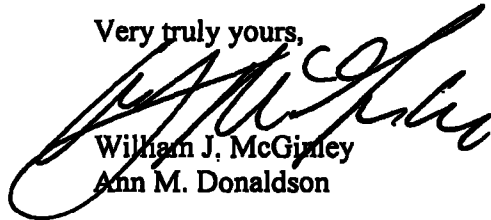
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**Conclusion**

We respectfully request that the Audit Division, Office of the General Counsel, and the Commission fairly and objectively review the IAR and the responses submitted on behalf of our client, OLC. The record in this matter clearly demonstrates that OLC has fully cooperated with the Audit Division in an effort to resolve this audit as expeditiously as possible.

Very truly yours,

A large, stylized handwritten signature in black ink, appearing to read 'W. McGinley', is written over the typed name.

William J. McGinley  
Ann M. Donaldson

Attachments